



July 19, 2016

Victoria Wachino  
Director  
Center for Medicaid and CHIP Services  
75009 Security Boulevard, Mail Stop S2-26- 12  
Baltimore, MD 21244-1850  
[Victoria.Wachino1@cms.hhs.gov](mailto:Victoria.Wachino1@cms.hhs.gov)

Dear Ms. Wachino:

NC Child is a statewide child advocacy organization that promotes public policies that support the health, education, and economic well-being of children in North Carolina. We appreciate the opportunity to provide written comments regarding our state's 1115 Demonstration Waiver ("waiver").

Our top priority for the waiver is for North Carolina's Medicaid Program to emerge better equipped to support the health care needs of North Carolina's children and parents. 50 percent of the births in our state are covered by Medicaid; at any one time, about 40 percent of the children in our state are covered by Medicaid. The waiver will only be a success if it improves the health of children and their families.

For decades, North Carolina has been a national leader in improving the quality of care for children and parents enrolled in Medicaid. Community Care of North Carolina is a public-private partnership that has brought together regional networks of physicians, nurses, pharmacists, hospitals, health departments, social service agencies and other community organizations. These professionals work together to provide cooperative, coordinated care through the Medical Home model. This approach matches each patient with a primary care physician who leads a health care team that addresses the patient's health needs. This model has not only improved outcomes for children and their families, but has also saved nearly \$1 billion from 2007 through 2010.

Given North Carolina's ongoing success and innovation in patient care and cost management, the bar is high to justify a new Medicaid delivery system. We do not believe the current proposal meets that threshold.

Furthermore, we are disappointed that the waiver does not include a solution for closing the health insurance coverage gap, which was created by our state's refusal to expand Medicaid as is allowed under the Affordable Care Act. According to the Georgetown Center for Children and Families, at least 100,000 adults in the health insurance coverage gap are parents with children at home. By expanding coverage to these adults, we will improve their ability to care for their children; improve birth

outcomes by enhancing the preconception health of women; and, increase enrollment for children already eligible, but not enrolled, for Medicaid and Health Choice (this phenomenon has occurred in other states).

Below are three additional concerns we have about the proposed waiver in addition to our general belief that such an overhaul is unnecessary and likely harmful.

1. **Pregnancy Home Model and Pregnancy Care Coordination:** The Pregnancy Home Model, built and implemented by Community Care of North Carolina (CCNC), and pregnancy care coordination have played a key role in improving birth outcomes in North Carolina and reducing our state's persistently high infant mortality rate. The current draft of the waiver would embed pregnancy supports within 15 different Prepaid Health Plans (PHPs) without specifying minimum standards to ensure the legacy of CCNC is continued. Without such standards, we are concerned that the effectiveness of pregnancy homes and care coordination could decline.

Section 1115 waivers are supposed to test new concepts and be rigorously evaluated. As such, a successful system should not be uprooted without a sound rationale, and at a minimum must include strong benchmarks that will be monitored and evaluated for before and after such a substantial change. The current waiver does not include these benchmarks and standards, and as such does not provide the guardrails necessary to protect infant and child health.

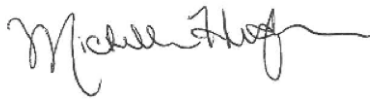
2. **Maintenance of Network Adequacy:** The transition to a new payment model has the potential to worsen existing issues with network adequacy in the following ways:
  - Minimum payments to pediatricians and other child-serving providers need to be sufficient to maintain network adequacy. As a result of decreased reimbursement rates and ongoing problems with NC TRACKS, many pediatricians are having a difficult time continuing to see Medicaid patients. If a restructured payment system further decreases payments to pediatricians and other child-serving providers, then North Carolina could face a serious provider shortage, particularly in rural areas.
  - With 15 different PHPs there is the potential for a significant administrative burden for providers.
  - Outcomes of pediatric care are often not apparent for several years. This delay must be accommodated in any outcome measurement and payment scheme.
3. **Social Supports:** Under the current Medicaid system, providers receive supplemental per member per month fees through CCNC that are often used for social supports, such as Reach Out and Read. We recommend that this

sort of flexible reimbursement be maintained to help assure that social supports will be maintained.

Given the complexity and potential ramifications of a delivery system change of this magnitude, we strongly believe that a rigorous evaluation process must be applied. Any new scheme must improve access to care; it must maintain and strengthen provider relationships; it must provide workable mechanisms for consumer choice; and, it must minimize red tape and administrative complexity. A reasonable alternative would be to implement a waiver demonstration in a selected area of the state, with a requirement for careful and extensive evaluation to assure that recipients fare better under the waiver than under the current program. If improvement cannot be shown, then the waiver should be precluded from statewide implementation. We believe this sort of demonstration is the underlying rationale for waivers.

As we have indicated in this letter, we have significant concerns about the need for this waiver and its potential consequences for the health and well-being of North Carolina's children and families. We would welcome the opportunity to discuss these issues in more detail with CMS staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Michelle Hughes", with a long horizontal flourish extending to the right.

Michelle Hughes  
Executive Director, NC Child